

An interscholastic athletic association was formed as an unincorporated, nonprofit association for the purposes of promoting and protecting the health of high school athletes through uniform interscholastic competition under the direction and control of school officials, and of cultivating the ideals of good sportsmanship, loyalty and fair play. The membership consists of approved and accredited public high schools of a State. The association directs and controls interscholastic high school athletic competition; prescribes eligibility rules for contestants and penalties for the violation of such rules, as well as the rules of play in the various sports; conducts sectional, district and state meets or tournaments; arranges schedules for contests; trains and assigns game officials; and makes suitable awards in State meets. The association is directed by a board of control, the members of which must be either school superintendents, principals or officials. They are elected by the representatives of the schools who must also be either a superintendent, principal or faculty member of a high school. All contest officials must be trained and/or approved by the association after rigid examinations as to their character and capabilities. Officials of the association receive no compensation for their services, with the exception perhaps of an executive secretary or treasurer, or corresponding officer. Income is derived from school dues, registration, membership fees, and a percentage of gate receipts from the contests to which admission charges are made. Funds are expended to defray operating expenses of the association in promoting its purposes. No part of the net income inures to the benefit of any private individual. Held, the instant interscholastic athletic association is organized and operated primarily for educational purposes and is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.